and means for holding those leaders to a faithful execution of their plans in clear-cut acts of Congress."

EMORY R. JOHNSON.

People's Banks. By HENRY W. WOLFF. Pp. 261. London: Longmans, Green & Co. 1893.

By People's Banks the author means co-operative banking. In other words, combination for mutual financial aid. As he points out in the introduction and first chapter, the really honest poor do not want to borrow from philanthropic societies, but the vagabond class are anxious to do so. This was clearly shown in the Duke of Saxe-Coburg's experiment. The Duke founded a number of non-co-operative philanthropic banks, which soon closed their doors for want of the right kind of customers. The testimony is that these honest people do not want a gift, but an instrument of self-help. Many of the men needing capital have no capital guarantee to secure repayment, so the problem is to give credit to those who have no material security to offer. This must be done, as Signor Luzzatti puts it, by "the capitalization of honesty." Scholars are, of course, familiar with subject treated, but the importance of the question makes desirable a widespread discussion of the main features of this volume. To show how the idea has been developed, the author takes up in succession the various modifications of the two systems of co-operative credit as worked out in different countries. He maintains that the founders of co-operative credit have in view the same goal, though they start from two distinctly opposite points, and, "barring *unlimited liability* and the pursuit of thrift," have nothing in common.

The Schulze-Delitsch credit associations of Germany constantly put the *lender's* interest foremost; Herr Schulze's aim was a business one. Raiffeisen, on the contrary, who founded the loan banks of Germany, places the *borrower's* interest as the keystone of his system. He aims at social benefit, not at business profits. Every member joining one of the Schulze associations is expected to take one share valued at from $40 to $125 (each association determining the value of its shares). This share may be paid for in small installments. The shares draw dividends ranging from one to thirty per cent. Some associations have declared dividends of nearly sixty per cent. This is gained by charging a somewhat high rate of interest. Loans are only made to members and are for short periods, never more than ninety days. As security, mortgages, pledges, bills and sureties are taken. These associations are managed by a well-paid committee whose salaries are increased by commissions based on the amount of business done.

In order to increase their commissions a committee often take bad securities. In 1892 there were 1076 of the above-named associations, these gave credit to the amount of $390,152,330. The associations borrowed about one-fourth of this amount, mostly from private individuals.

In his discussion of the other German system, the author points out that the Raiffeisen loan banks were established to assist borrowers, and at the same time to free the small agriculturalists from the merciless grasp of usurers. In 1849 Raiffeisen set up his first loan bank and offered to supply the peasantry with money if they would subscribe to his rules. As his aim was to benefit the poorest classes he exacted nothing from those joining, and as most members were agriculturalists, he made long credits the rule. Each bank membership is confined to a small district. Within this district members are elected with great care and discrimination. No difference is recognized between the poor and rich except that the latter are allowed to take the brunt in the administration. There is an executive committee consisting of five members and a council of supervision consisting of six or nine members according to the size of the banking society. None of these officers receive a cent of renumeration. Only one man connected with a bank is paid, viz., the cashier, and he has no say whatever in the employment and the distribution of the money. All banking in the ordinary sense is strictly forbidden. The banks are *loan* banks and their sole instrument is credit. No dividends are paid. All profits go into a reserve fund which is used to meet deficiencies or losses or it is voted to some public work or charity. Money is loaned only to members and no request for a loan is granted until after a careful examination is made into the object of the loan, whether it is economically justified and if found to be so the applicant for a loan is never refused. When the money is granted it must be used for the specific object for which it was requested. The rate of interest usually charged is five per cent. The banks obtain their money from various sources, paying from three and one-half to four per cent. They have more money than they can use, as their reputation is excellent. In the forty-three years of their existence neither member nor creditor has ever lost a penny. The lending is on character, no pledges or mortgages are taken as security, but simply a note of hand backed by one or two other members. It is thought by many that one of the strong points of these *loan* banks is that they are based on the *unlimited liability* of members.

The author estimates that there are about one thousand of these loan banks in Germany alone, and the system, with slight modifications, has spread itself over Austria, Hungary, Russia and Italy. The author discusses the benefits of the loan bank system, and sums up its financial side in "millions of money lent, mostly to poor people, and not a

farthing ever lost." Besides, the system trains even rude peasants to strict business habits. After giving an account of the great co-operative strife in Germany and also the co-operative congresses held, the author describes, at length, the Schulze-Delitsch system as adopted by Signor Luzzatti to suit Italian conditions under the name of the "Banche Popolari," and further how the Raiffeisen Loan Banks have been modified to suit the same country by Dr. Wollemburg. In the chapters following he describes the co-operative banking in France, Belgium and Switzerland, and concludes the book with a strong plea for the establishment of similar banks in England.

The introduction to the book unfortunately has too much the tone of the reformer to convince one of the reliability of all the author's statements. One feels that the author regards people's banks as a panacea for all industrial ills. These banks are styled a "second California." In addition to this the book is not well arranged and is redundant. The same field could have been covered as thoroughly in far fewer pages. But the book is of much value; it again brings before the public in an emphatic way the important subject of successful co-operation.

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